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Executive Director

COMMUNITY DEVELOPMENT COMMISSION
County of Los Angeles

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Commissioners

May 11, 2004

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE DEVELOPMENT AND SALE AGREEMENT WITH THE LOS ANGELES
COUNTY HOUSING DEVELOPMENT CORPORATION TO DEVELOP AND SELL
NINE HOMES IN UNINCORPORATED VALINDA (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Acting as the responsible agency pursuant to the California Environmental Quality Act (CEQA), certify that the Board of Commissioners has considered the attached Initial Study/Negative Declaration (IS/ND) prepared by the Los Angeles County Department of Regional Planning for development of nine single-family homes on two contiguous Community Development Commission-owned properties at 537 North Azusa Avenue and 17062 Wing Lane, in unincorporated Valinda, and find that this project will not have a significant effect on the environment.
2. Find that the attached environmental documents reflect the independent judgment of the Commission and authorize the Executive Director to take any and all actions necessary to complete implementation of the above environmental review actions.

3. Approve a Development and Sale Agreement (DSA), presented in substantially final form, between the Commission and the Los Angeles County Housing Development Corporation, a California non-profit corporation ("the Developer"), to develop nine single-family homes on the above properties.
4. Authorize the Executive Director to approve the sale of all homes, with five of the homes reserved for qualified moderate-income, first-time homebuyers, at the homes' appraised values, and to provide second mortgages to these buyers of up to \$185,000 per home.
5. Authorize the Executive Director to execute the DSA, and any additional documents necessary to complete the secondary financing of the homes, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE/JUSTIFICATION OF RECOMMENDED:

The purpose of this action is to approve a DSA, authorizing development and sale of nine single-family homes, five of which will be reserved for qualified moderate-income, first-time homebuyers.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The builder will obtain a private construction loan of \$1,834,288, using the site as security. A total of \$281,654 in fees and costs will be deferred during construction, and \$484,306 in Developer equity will be paid from sales proceeds.

The development will have a completed value of \$3,150,000. Sales will generate revenue of \$2,225,000, based on a price for each market rate home of \$350,000, and for each affordable home for \$165,000. The remaining \$925,000, which includes the Commission's initial \$549,752 land cost, will be secured by second mortgages of up to \$185,000 for each qualified moderate-income buyer.

Qualified Buyers will execute deferred payment, non-interest bearing promissory notes, which are forgivable at the end of a 30-year term. The entire principal amount, plus a pro rata share of equity appreciation, will become due if there is a sale or transfer of title to the homes prior to the 30-year maturity date. The notes will be secured by second trust deeds recorded in favor of the Commission.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The site consists of two contiguous Commission-owned parcels. The property at 537 North Azusa Avenue was acquired by the Commission on February 18, 1994, using \$427,071 in Community Development Block Grant (CDBG) funds allocated to the First Supervisorial District. On April 2, 1999, the Commission acquired an adjacent property at 17062 Wing Lane for \$122,681, also using CDBG Funds allocated to the First Supervisorial District. The site has been cleared and is currently vacant.

On October 7, 1999, your Board approved a Disposition and Development Agreement (DDA) with the Industry Sheriff's Youth Activities League to develop nine single-family homes on the site, at a total cost of \$2,055,730. All units were to be sold to moderate- and low-income households. The DDA was not executed and the Developer withdrew its proposal citing liability concerns.

The financing has now been restructured to use sales proceeds from market rate units to partially offset increased costs. The proposed development will consist of eight 1,546 square-foot, 4-bedroom, 2-½ bath homes, and one 1,380 square-foot, 3-bedroom, 2-½ bath home. Five homes will be reserved for sale to moderate-income households with incomes not exceeding 80 percent of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by HUD. Four homes will be sold at market rate, with no income restrictions. The Commission will retain title to the site during construction and the completed homes will be sold directly to individual buyers.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for this project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Commission on May 23, 1998. Following the required public and agency comment period, HUD issued a Release of Funds for the project on June 7, 1998.

As the responsible agency, and in accordance with the requirements of State CEQA Guidelines, the Commission reviewed the IS/ND prepared by the Department of Regional Planning and determined the project will not have a significant effect on the environment. The Commission's consideration of the IS/ND, and filing of a Notice of Determination, satisfies the State CEQA Guidelines as stated in Article 7, Section 15096.

Honorable Board of Commissioners
May 11, 2004
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IMPACT ON CURRENT PROJECT:

Approval of the DSA will enable the Developer to complete the development and sale of five homes to qualified moderate-income families.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 3

EXHIBIT A

HOUSING FINANCIAL ANALYSIS

537 Azusa Avenue and 17062 Wing Lane, unincorporated Valinda.

The project consists of nine for-sale, single-family homes located on two contiguous Commission-owned properties at 537 Azusa Avenue and 17062 Wing Lane, in unincorporated Valinda. Five homes of the homes will be sold to households earning up to 80 percent of the median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). Four homes will be sold at market rates with no income restrictions.

| <u>CONSTRUCTION PHASE</u> | <u>TOTAL</u> | <u>Market Rate Per Unit</u> | <u>Affordable Rate Per Unit</u> |
|--------------------------------------|---------------------|----------------------------------------|------------------------------------------------|
| <u>Sources</u> | | (4) | (5) |
| CDBG (Land) | 549,752 | 0 | 109,950 |
| Private Construction Loan | 1,834,288 | 203,810 | 203,810 |
| Developer Equity | 484,306 | 114,554 | 5,218 |
| Deferred Fees and Costs | 281,654 | 31,295 | 31,295 |
| <u>Uses</u> | | | |
| Total Value | \$3,150,000 | \$349,659 | \$350,273 |
| <u>PERMANENT PHASE</u> | | | |
| <u>Sources</u> | | | |
| Buyer Funds | 2,225,000 | 350,000 | 165,000 |
| Commission 2nd TD (unfunded) | 925,000 | 0 | 185,000 |
| <u>Uses</u> | | | |
| Total Value | 3,150,000 | 350,000 | 350,000 |

DEVELOPMENT AND SALE AGREEMENT

BY AND BETWEEN

**THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES**

AND

**LOS ANGELES COUNTY HOUSING
DEVELOPMENT CORPORATION**

May , 2004

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DEVELOPMENT AND SALE AGREEMENT

Transaction Summary

Project Name: ROSE GLEN II
Developer Name: Los Angeles County Housing Development Corporation

☐ Limited Partnership ☐ LLC ☒ Nonprofit Public Benefit Corporation Other

Jurisdiction of Borrower Entity: California

Total Number of Units in Project: 9 Location (Jurisdiction): Valinda

☐ Incorporated ☒ XX Unincorporated Total Project Sites Acreage: 45,500 square feet

Project Type: Single-Family, For-Sale

Affordability (# assisted units, income levels): Five (5) Assisted Units shall be sold to Qualified Buyers whose household incomes do not exceed eighty percent (80%) of the Area Median Income. The assisted units shall each have 4-bedrooms. Four (4) units shall be sold at market rates with no income restrictions.

Repayment Terms on Individual Unit Loans: Secondary Loans due upon sale or transfer of Unit with Shared Appreciation Feature.

Other Anticipated Financing Sources for Unit Purchasers / Priority Relative to Commission Loans:

| | | | |
|-----|---------------------------------------------|-----------|----------------------------------------------------|
| (1) | Qualified buyer's 1 st Mortgages | \$825,000 | X senior <input type="checkbox"/> junior parity/NA |
| (2) | Commission 2 nd TD's | \$925,000 | <input type="checkbox"/> senior X junior parity/NA |

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Development and Sale Agreement shall control.

THIS DEVELOPMENT AND SALE AGREEMENT ("Agreement") is made as of the __ day of May , 2004, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein referred to as "Commission"), and the LOS ANGELES COUNTY HOUSING DEVELOPMENT CORPORATION, a California non-profit public benefit corporation ("Developer"). Commission and Developer are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

A. WHEREAS, the Commission desires to develop the housing development ("Project") described in the Transaction Summary above. The Project will be developed on sites ("Site") legally described on Exhibit "A" to this Agreement A detailed Project description is attached hereto as Exhibit "B" and reduced site plans and elevations for the Project are attached hereto as Exhibit "D".

B. WHEREAS, upon completion of the Project, Developer is required to sell the Five (5) Units in the Project to households whose incomes do not exceed Eighty Percent (80%) of the Area Median Income (as defined in Section 6.1), hereinafter referred to as the "Assisted Unit", to a "Qualified Buyer" (as that term is defined in Section 7.1).

C. WHEREAS, to finance the Project, the Commission will provide the Site.

D. WHEREAS, as more particularly described below, each Qualified Buyer will execute and deliver to the Commission a "Secondary Unit Deed of Trust" (as this term is defined below) to evidence and secure repayment of the Secondary Unit Loan to ensure that the affordability and habitability of the Assisted Units are maintained in accordance with the terms of those instruments and this Agreement.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. OTHER FINANCING

Commission's execution of this Agreement is, among other things, contingent upon the Developer's receipt of Other Financing which must be approved by Commission and in sufficient amounts and with terms that allow for the Project to be completed. Certain financial assumptions relating to the development of the Project, including the contribution of the Other Financing, are attached for informational purposes only as Exhibit "C" (the "Financial Assumptions"). The Developer acknowledges that the sources and uses information set forth in the Financing Assumptions may change, and that the Commission is not obligated to fund in accordance with the estimated projections set forth on the Financing Assumptions. To the extent there is any inconsistency between the terms and conditions of this Agreement and the Financing Assumptions, the terms and conditions of this Agreement shall control.

2. INTENTIONALLY OMITTED
3. INTENTIONALLY OMITTED
4. CONDITIONS FOR APPROVAL OF THIS AGREEMENT

4.1 Zoning of the Site

As a condition to approval of this Agreement, the Developer, at its sole cost and expense, shall cause the zoning of the Site (including obtaining any conditional use permit, site plan approval, variance, and other permit or approval) to be such as to permit the development, construction, use, and sale of the Project in accordance with this Agreement.

4.2 Condition of the Site

Developer will have had the opportunity to investigate all physical and economic aspects of the Site and the Project and make all inspections and investigations of the Site that Developer deems necessary or desirable to protect its interests in acquiring the Site, including, without limitation, review of all documents delivered or made available by the Commission and such other documents, reports or studies prepared by such third-party consultants retained by Developer as Developer deems necessary or desirable, and, except as otherwise expressly set forth in this Agreement and any documents delivered by the Commission to Developer, neither the Commission nor anyone acting for or on behalf of the Commission, has made any representation, warranty, promise or statement, express or implied, to Developer, or to anyone acting for or on behalf of Developer, concerning the Site or the condition, use or development thereof. Developer further represents and warrants that, in entering into this Agreement, Developer has not relied on any representation, warranty, promise or statement, express or implied, of the Commission, or anyone acting for or on behalf of the Commission, other than as expressly set forth in this Agreement and that all matters concerning the Site have been or shall be independently verified by Developer. Except as may be set forth in this Agreement, Developer waives, and the Commission disclaims, all warranties of any type or kind whatsoever with respect to the Property, whether express or implied, including without limitation, those of fitness for a particular purpose and use. Notwithstanding anything to the contrary herein, Developer and the Commission acknowledge that any written disclosures by the Commission prior to the close of the Escrow shall constitute notice to Developer of the matter disclosed, and Developer shall be deemed to have knowledge of the same to the extent of such disclosure, and the Commission will have no further liability thereafter if Developer thereafter consummates the transaction contemplated hereby. In particular, but not in limitation of the foregoing paragraph, the Commission shall not be responsible for any items of work on the Site, or matters caused by items of work on the Site, and it shall be the sole responsibility of the Developer to investigate and determine the conditions of the Site including without limitation the soils conditions and the suitability of such soil conditions for the Developer Improvements (as hereinafter defined) to be constructed by the Developer. If the soil conditions are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the soil conditions of the Site in a condition suitable for the development of the Site.

If the soil conditions on the Site require remediation and the cost therefore is Twenty-Five

Thousand Dollars (\$25,000) or less, the Developer shall pay to have a qualified contractor correct the conditions. If the soils conditions found on the Site are reasonably determined by a qualified contractor to require remediation which will cost in excess of \$25,000, the Developer may so notify the Commission in writing within thirty (30) days after the date of this Agreement and shall thereby cancel this Agreement. In such event, neither Party hereto shall have any further obligation to the other under this Agreement and the Developer shall have no further right to the Site. In the event the Developer does not timely notify the Commission of required remediation of soils conditions in excess of \$25,000, then, notwithstanding that such remediation may cost in excess of \$25,000, the Developer shall be responsible hereunder to acquire and proceed with the development of the Site in accordance herewith and to effect such remediation at its sole cost and expense.

4.3 Work by the Developer

Developer shall have the right of access to the Site at all reasonable times for the purpose of obtaining data, making surveys, preparing plans and conducting tests necessary to carry out this Agreement. The Commission shall have access to all data and information on the Site readily available from the Developer, but without warranty or representing by the Developer as to the completeness, correctness, or validity of such data and information. In the event that the Commission has previously performed preliminary work at the Site, including but not limited to the preparation of plans, surveys or environmental studies, this information will be made available to the Developer, upon request, without warranty or representation by the Commission as to the completeness, or validity of such data and information.

Any preliminary work undertaken on the Site by the Developer shall be done only at the sole expense of the Developer. Copies of data, surveys, and tests obtained or made by the Developer on the Site shall be filed with the Commission. Any preliminary work by the Developer shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

The Developer shall indemnify and hold the Commission and the County and all officials, employees, agents, attorneys, and other representatives of the Commission and the County ("Commission/County Representatives"), and each of them, harmless from and against any and all Losses and Liabilities resulting from any injury, death, damage to person or property, or other damages including, without limitation, damages incurred by the Commission respecting any work in relation to those portions of the Site to be entered by, or arising out of any activity of, the Developer or its contractors, subcontractors, agents, employees, invitees or licensees on, or relating to, such portions of the Site. Prior to entering onto any portion of the Site pursuant to this Section 4.3 the Developer shall obtain and deliver to the Commission a certificate(s) evidencing that the insurance coverage has been obtained which satisfies the requirements set forth in Section 9.4 and 9.7 below, and protects against all such potential Losses and Liabilities and names the Commission and the County as additional insureds. At this time, the Commission shall issue to the Developer a Right-to-Enter, authorizing the Developer to enter the Site.

4.4 Permanent Financing

The Developer shall work with a conventional lender approved by Commission for the transaction contemplated by this Agreement (“Participating Lender(s)”) to ensure that a fixed rate permanent mortgage loan is made available to the Qualified Buyer (as defined in Section 7.1) at the lowest commercially available rate and at the most favorable terms. No temporary buy down of the interest rate on the permanent mortgage loan shall be permitted. To facilitate the most favorable terms being available to the Qualified Buyer, the Developer must ensure, if mortgage revenue bond financing is not available or does not provide the Qualified Buyer the most favorable financing terms, that the Qualified Buyer is directed to lenders participating in any available first time homebuyer or Mortgage Credit Certificate programs offered by agencies operating in the jurisdiction containing the Site.

Prior to the deadline specified therefore in the Schedule of Performance, the Developer agrees to deliver to Commission written commitment(s) (“Permanent Financing Interest Letter(s)”), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender(s), from a Qualified Financial Institution(s) which is licensed to do business in California (“Permanent Lender(s)”), by which such Permanent Lender(s) agrees to make a first trust deed loan to the income Qualified Buyer of an affordable home and secured by such purchaser’s fee interest in the residence. The Permanent Loan shall be consistent with this Agreement; otherwise, the Permanent Loan shall be subject to the Permanent Lender’s usual and customary terms and conditions. The Developer covenants and agrees to take all actions, and to pay all sums required to keep the Permanent Financing Interest Letter(s) in full force and effect and shall comply with all conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith.

A “Qualified Financial Institution” shall mean a bank, savings bank, pension fund, insurance company or other institutional entity licensed in California which is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of Commission, has a sufficient net worth, liquidity position and credit rating to meet the contemplated Permanent Financing Interest Letter.

The approval or disapproval of any Permanent Lender(s) will not constitute a waiver of any breach or violation of this Agreement by the Developer that is a result of acts that are or purport to be in compliance with or in furtherance of said Permanent Loans.

4.5 Construction Contract

As a condition for execution of this Agreement, Developer agrees to deliver to Commission for its approval a written agreement (the “Construction Contract”) for construction of the Developer Improvements on the Site and any and all work on the Site not in the public right of way. The Construction Contract shall include a construction schedule (which shall be consistent with the Schedule of Performance attached as Exhibit “E”) and a schedule of values (“Construction Budget”). The Construction Contract shall obligate a general contractor approved by Commission (the “General Contractor”), who is bonded as required herein, appropriately licensed in California, and experienced in completing the type of Developer Improvements and Site work contemplated by this Agreement, to commence and complete the Developer Improvements and Site work to be constructed on the Site in accordance with this Agreement. The Construction Contract shall be a

guaranteed maximum cost contract assuring completion of the Developer Improvements for a fixed price, subject to such reasonable adjustments as are customarily allowed with respect to such contracts for authorized change orders or other like matters (it being further provided in the Construction Contract that all change orders other than Minor Field Changes, as defined in Section 6.4, shall require the written approval of Commission). The fixed price for the Construction Contract shall be in an amount that, when added to all consultant and loan fees, “points,” commissions, charges, developer’s fees, fixtures, taxes, interest, start-up and any other costs and expenses of developing and completing the Developer Improvements and Site work (the aggregate of these costs is sometimes referred to collectively as “Development Cost”), does not exceed the aggregate amount of (i) the Construction Commitment, and (ii) all other funding sources demonstrated to be available to the Developer to the cost of constructing the Developer Improvements.

The Developer shall obtain Commission’s written approval of the Construction Contract and the General Contractor on or before the date specified in the Schedule of Performance. Commission’s approval of any Construction Contract will not constitute a waiver by Commission of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

4.6 Commission Approval of Financing Submission and the Construction Contract

The Developer must obtain the approval of Commission, which approval shall not be unreasonably withheld, with respect to all financing and related documentation required to be delivered pursuant to Section 4.4 and for the Construction Contract pursuant to Section 4.5 (collectively, the “Submissions”).

Commission shall approve or disapprove the Submissions within the time set forth in the Schedule of Performance. The Developer shall have ten (10) business days from receipt of any notice from Commission disapproving a Submission (“Disapproval Notice”) within which to notify Commission that the Developer will revise the Submission as requested or to object to such Commission disapproval. If the Developer does not notify Commission in writing within such ten (10) day period that it specifically objects to Commission disapproval, the Developer shall be deemed to have agreed to revise the Submission as requested by Commission. If the Developer objects to Commission disapproval, and if the Developer so notifies Commission within said ten (10) day period of its specific objection, then Commission and the Developer agree that they will meet to discuss their differences within ten (10) days after the Developer gives such notice. Unless excused, failure of the Developer to meet with Commission within said ten (10) day period shall constitute a waiver by the Developer of any objections. Following said meeting, or following the Developer’s deemed approval or waiver of any objections, the Developer shall revise the objected-to Submission and resubmit it to Commission as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions. Notwithstanding the above time periods, if Commission deems it appropriate or necessary to hold a public meeting of Commission, or any agency or commission thereof, before the action specified is to be taken, the period for such action by Commission shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting(s). Such extended period shall be at the option of Commission only; provided that, if Commission elects to

receive the above extension, the time for Developer's performance of its obligations under this paragraph shall be extended by a period of time equal to the actual extension obtained by Commission.

4.7 Conditions Precedent to Developer's Obligations

If the cost of the required remediation of any soil condition on the Site exceeds \$25,000 in accordance with Section 4.2, the Developer or Commission may elect to terminate this Agreement as specifically provided in each of the Sections of this Agreement referenced hereinbelow:

4.8 Conditions Precedent to Commission's Obligations

The obligation of the Commission to perform all of its obligations under this Agreement, including, without limitation, shall be expressly subject to satisfaction of all of the following conditions (collectively, with the Developer's conditions set forth in Section 4.0, the "Conditions to Execution of This Agreement"):

- (1) Receipt by Commission from Developer of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to Commission, evidencing that this Agreement and all other documents given or executed in connection herewith are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents.
- (2) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Other Financing, and Developer has demonstrated to the satisfaction of Commission's Executive Director (or his designee) that all financing sources for development of the Project are or will be available in sufficient amounts to provide for full and timely completion of the Project.
- (3) Developer shall have furnished Commission with certificates of insurance evidencing the coverages required by Section 9.7 below.
- (4) Developer shall have provided to Commission, in form satisfactory to Commission, certified copies of (i) operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner or president that such agreement or articles or bylaws have not been amended or modified except as described in the certification, (ii) a good standing certificate from the California Secretary of State, certifying that Developer is duly qualified and in good standing, and (iii) all other documents necessary to evidence to Commission's satisfaction that the individuals and entities executing this Agreement and the Transaction Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including

Developer, to the terms hereof and thereof.

- (5) Developer shall have obtained Commission's written approval of a site security plan, affirmative marketing plan, sales guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which a Qualified Buyer shall be selected in the event that, at any given time, the number of Qualified Buyers exceeds the number of Units available for sale to such Qualified Buyers.

5. PROJECT CONSTRUCTION

Developer shall commence construction of the Project in accordance with Exhibit "E" ("Schedule of Performance") and shall complete the Project on or before the date specified. "Completion of the Project" shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval:

- (1) A signed certificate from the General Contractor, in a form reasonably acceptable to Commission, certifying to Commission that construction was completed substantially in accordance with the requirements of the Plans and this Agreement, and all other related improvements required to be completed by the Developer under this Agreement have been completed.

- (2) A certificate of completion (the "Certificate of Completion") and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies.

- (3) Certificates of insurance issued by Developer's insurance agent evidencing compliance with all insurance requirements set forth in this Agreement.

- (4) Unconditional Waivers and Releases Upon Final Payment, in statutory form, executed by all persons or entities furnishing services or supplies in connection with the Project and showing no outstanding sums due or in dispute.

- (5) All mechanics liens which have been recorded have been released or statutory release bonds with respect to such mechanics liens issued by sureties satisfactory to Commission have been obtained and recorded.

- (6) A valid notice of completion has been filed at least thirty five (35) days prior to the making of the final payment to the General Contractor and all subcontractors and suppliers.

- (7) No default exists under the Senior Construction Financing, the Other Financing, this Agreement or any other construction financing for the Project.

5.1 Taxes, Assessments, Encumbrances, and Liens

After execution of this Agreement, the Developer shall pay, when due, all real estate taxes and assessments assessed and levied on the Site. Prior to the issuance of a Certificate of Completion, the Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance, lien, levy, attachment or other voluntary or involuntary encumbrance unauthorized by this Agreement (each, an "Unpermitted Lien"). The Developer shall remove or have removed any Unpermitted Lien made on the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Developer in respect thereto.

The Developer understands that under certain conditions its control of the Site or portion thereof under this Agreement may give rise to the imposition of a possessory interest tax on the Site, and in such event, the Developer agrees to pay when due any such possessory interest tax.

5.2 Certificate of Completion

Upon Completion of the Project as defined in Section 5 above, the Commission shall furnish the Developer with a certificate of completion duly executed by Commission ("Certificate of Completion") upon Developer's written request. Such Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County.

A Certificate of Completion shall be, and shall state that it is, conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site covered by the Certificate of Completion shall not (because of such ownership, purchase, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by the provisions of Section 7 of this Agreement. Except as otherwise provided herein, after the issuance of a Certificate of Completion for the Site, neither the Commission, the County, nor any other person shall have any rights, remedies, or controls with respect to the Site that it would otherwise have or be entitled to exercise under this Agreement as a result of a default in or breach of any provision of this Agreement, and the respective rights and obligations of the parties with reference to the Site in accordance with the provisions of Section 6 of this Agreement.

The Commission shall not unreasonably withhold the Certificate of Completion. If the Commission refuses or fails to furnish a Certificate of Completion for the Site after such written request from the Developer, the Commission shall, within thirty (30) days of such written request, provide the Developer with a written statement of the reasons the Commission refused or failed to furnish a Certificate of Completion. The statement shall also contain the Commission's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping, the Commission will issue its Certificate of Completion upon the posting of a bond by the Developer with the Commission in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder or any insurer of a mortgage securing a Construction Loan. The Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

5.3 Hazardous Materials

The Developer covenants that it shall use and maintain the Site in compliance with all Governmental Restrictions applicable to Hazardous Materials, as hereinafter defined, including specifically but without limitation all recommendations required by the "Phase I" and "Phase II" environmental assessments (provided by the Commission without warranty or representation). Developer further represents, warrants and covenants that it has not and shall not deposit or permit the deposit of Hazardous Materials in, on, under or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on, under or upon the Site or the Project as of the date hereof and which are deposited in, on, under or upon the Site or the Project from and after the date hereof and during Developer's inspection or ownership of the Site or ownership of the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable Governmental Restrictions. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Site or the Project so long as they are materials which are customary and common to the normal course of business in the construction of well-designed housing and so long as such materials are used, stored and disposed of in accordance with all applicable Governmental Restrictions. Developer agrees to indemnify, defend and hold Commission and County and Commission/County Representatives harmless from and against any Losses and Liabilities arising directly or indirectly out of the presence of Hazardous Materials in, on, under or upon the Site or the Project, existing as of the date hereof and deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date hereof and during Developer's ownership or inspection of the Site or ownership of the Project, including without limitation any Losses and Liabilities arising out of any deposits of Hazardous Materials as described hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges Commission and County and Commission/County Representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all Losses and Liabilities arising out of or in any way connected with Developer's ownership of the Site or Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials,

asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

5.4 Unit Loans

Upon recordation of a Certificate of Completion for the Developer Improvements and provided the Developer is not in default of any of its obligations under this Agreement, the Commission will make a Secondary Unit Loan, which shall be in the form of an in-lieu note, in an amount equal to the Fair Market Value [defined as the market value of the completed Project less the cost of Developer Improvements ("Fair Market Value")], as determined by a third party appraiser approved by the Commission, as stipulated in Section 5.5. Prior to making a Secondary Unit Loan, the Developer or the Permanent Lender shall submit to the Commission or its designee such loan applications, documentation and other information and data (collectively, "Loan Information") requested by the Commission to permit the Commission to (i) verify that the proposed purchaser is a Qualified Buyer, and (ii) determine the credit-worthiness of the Qualified Buyer; provided, however, that the Commission shall accept, in lieu of the Loan Information, copies of all loan applications and other documentation and data received by the Permanent Lender in connection with its consideration of the Permanent Loan to the Qualified Buyer so long as such documentation contains the information required by the Commission for each Commission Loan made, to make its findings hereinabove in this Section 5.4. The Secondary Unit Loan shall be evidenced by a shared appreciation promissory note in favor of the Commission in the form and loan amount specified by the Commission (the "Secondary Unit Note"), which shall be secured by a second priority deed of trust in favor of the Commission recorded against the Qualified Buyer's fee interest in the Unit and which shall be in the form specified by the Commission (the "Secondary Unit Deed of Trust"). The amount represented by the Secondary Unit Loan shall accrue 0% interest and, at the option of the Executive Director of the Commission, be immediately due and payable upon the first to occur of the sale or refinance of the Unit.

5.5 Developer Fee and Developer Responsibility for Final Accounting

Prior to the sale of the Unit, it shall be the responsibility of the Developer to make all necessary arrangements, including financial, for an appraisal to determine the Sales Price for the Unit, defined as Fair Market Value ("Sales Price"). The Developer shall, at the close of escrow for

the sale of each, be required to provide the Commission a copy of the closing statement clearly evidencing the disbursement of all escrowed funds. The aggregate maximum amount available to the Developer as a "development fee" shall be THIRTY FIVE THOUSAND DOLLARS (\$35,000), which shall be payable twenty percent (20%) from the available funds upon the sale of each Assisted Unit ("the Fee").

6. DEVELOPMENT OF THE SITE BY DEVELOPER

6.1. Scope of Development - Developer Improvements

The Site shall be developed as a residential development comprised of nine units (the "Units"), five of which will be reserved for sale to households earning less than 80% of the Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by the U.S. Department of Housing and Urban Development, such development being subject to all applicable Governmental Restrictions, and containing all necessary parking areas, walkways, streets, driveways, landscaping, and other improvements associated with the development of the Site, as depicted on the Plans approved by Commission in accordance with this Section 6.1. (The development of the Project on the Site in accordance with this Agreement is sometimes referred to as the "Developer Improvements"). Developer shall cause the construction of the Developer Improvements to be done in a good and workmanlike manner substantially according to the Plans and this Agreement.

6.2. Concept Drawings

The Developer has submitted to the Commission and the Commission has approved certain basic concept drawings and related documents containing the overall plan for development of the Site (collectively, "Basic Concept Drawings"). The Site shall be developed as generally established in the Basic Concept Drawings, which shall include any changes that are mutually agreed upon between the Developer and the Commission.

6.3 Construction Plans, Drawings, and Related Documents

In addition to the Basic Concept Drawings, the Developer will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents (sometimes collectively referred to as the "Plans") to the Commission for architectural and site planning review and written approval. The Plans are to be in conformance with the requirements set forth in this Agreement (including Exhibit "D"), consistent with the Basic Concept Drawings and conform to the applicable Building Code, as amended from time to time, and other applicable Governmental Restrictions. The Plans are to be submitted in two stages: preliminary and final working drawings and specifications. Final working drawings and specifications are hereby defined as those in sufficient detail to obtain a building permit.

The Plans include preliminary and final finish grading and landscaping plans, and public improvement and street plans and specifications for the Site. All Plans shall be prepared and submitted within the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the Parties.

During the preparation of all Plans, Commission staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans by Commission. Commission and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of the Plans to Commission can receive prompt and speedy consideration.

6.4 Commission Approval of Plans

Subject to the terms of this Agreement, Commission shall have the right of architectural and site planning review of all documents, including any changes therein. However, the Developer shall also obtain any architectural and site planning review required by any agency, department, board, or commission of the County within the times required for review of such Plans and other submissions and changes therein by the Developer. The Developer shall also submit any Plans and other submissions required for development permits or building permits to be issued by County departments or other public agencies.

The Commission shall approve or disapprove the Plans referred to in Section 6.3 of this Agreement within the times established in the Schedule of Performance, Exhibit "E". Any disapproval by Commission shall state in writing (the "Notice of Disapproval") the reasons for disapproval and the changes which the Commission requests be made. Such reasons and such changes must be consistent with this Agreement (including the Project Description) and any items previously approved or deemed approved hereunder by Commission. The Developer, upon receipt of a Notice of Disapproval shall revise the Plans and resubmit them to Commission within thirty (30) days after receipt of the Notice of Disapproval, and the deadline set forth in the Schedule of Performance by which Developer is required to secure approval of such disapproved Plans shall be adjusted accordingly; provided, however, that in no case shall Commission be entitled to require changes inconsistent with this Agreement (and in particular the Program Description) and any previously approved items. Any resubmission(s) shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission of such Plans. Notwithstanding the above time periods, if the Commission is required by law to hold a public meeting of the Commission, or any agency thereof, before the action specified is to be taken, the period for such action by the Commission shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Developer shall have the right during the course of construction to make Minor Field Changes, as hereinafter defined, without seeking the approval of Commission. "Minor Field Changes" shall be defined as those interior changes from the approved Plans which will not be visible from the exterior of any structure on the Site, will not increase the cost of constructing the Developer Improvements, and will not affect the ability of the Developer to complete the Developer Improvements in accordance with the Schedule of Performance attached as Exhibit E. If the Developer desires to make any change in the Plans after their approval by the Commission, other than a Minor Field Change, the Developer shall submit the proposed change to the Commission for its written approval, which approval shall not unreasonably be withheld. The Commission shall not be deemed to have unreasonably withheld its consent to any proposed change by the Developer (i) of any construction or equipment specification expressly set forth in the Plans previously approved, where substitute materials or equipment are proposed by the Developer which Commission has solely determined to be of inferior quality; (ii) which does not conform to the Basic Concept

Drawings, the Project Description, the approvals previously granted by the Commission under this Section 6.4 (iii) if such proposed change increases the cost of the Developer Improvements in excess of \$2,000 or (iv) extends the Schedule of Performance more than 30 days. Commission shall approve or disapprove the proposed change and notify the Developer in writing within thirty (30) days after submission to Commission.

The Developer understands that any administrative approval by Commission staff or any approval by the governing board of Commission of any Plans or other submissions by the Developer shall not be construed to constitute an approval by County of same and the County shall retain full and absolute discretion respecting the granting or withholding of County approvals required under this Agreement or by applicable Governmental Restrictions in connection with the construction of the Developer Improvements and the use of the Site.

6.5 Cost of Construction

The cost of developing the Site and constructing all the Developer Improvements thereon shall be borne solely by the Developer. The Commission and the Developer shall otherwise each pay the costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

6.6 Construction Schedule

The Developer shall promptly begin and thereafter diligently prosecute to completion the construction of the Developer Improvements and the development of the Site. The Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance or reasonable extension of said dates as may be granted by Commission pursuant to Section 6.4 of this Agreement. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the Commission.

During the period of construction, but not more frequently than once a month, the Developer shall submit to the Commission a written progress report of the construction when and as requested in writing by the Commission. The report shall be in such form and detail as may reasonably be required by the Commission and shall include a reasonable number of construction photographs taken since the last report submitted by the Developer.

6.7 County and Other Governmental Agency Permits

Before commencement of construction or development of any buildings, structures, or other work of improvement upon the Site, the Developer shall, at its own expense, unless herein agreed, determine and secure or cause to be secured any and all permits which may be required by the County or any other governmental agency affected by or with jurisdiction over such construction, development, or work. The Commission may provide all assistance, including agreed upon financial assistance, deemed appropriate by the Commission. The Developer shall secure all building permit(s) for the Developer Improvements no later than the date set forth in the Schedule of Performance.

6.8. Rights of Access

For the purposes of assuring compliance with this Agreement (including this Section 6.8), Commission/County Representatives shall have the reasonable right of access to the Site in accordance with Section 14 of this Agreement without charges or fees and at normal business hours.

6.9. Intentionally Omitted

6.10. Anti-discrimination During Construction

The Developer covenants for itself and its successors and assigns that with respect to the construction of the Developer Improvements, the Developer and its contractors and suppliers will abide by the anti-discrimination provisions set forth in Sections 8 and 8.1 of this Agreement.

7. SALE OF ASSISTED UNITS TO QUALIFIED BUYERS

7.1 Restriction to Qualified Buyers

Developer shall use the Site solely for the purpose of constructing and selling the Project as an owner-occupied residential development. The Assisted Units shall be sold only to buyers whose household income does not exceed 80 percent of Area Median Income (“Qualified Buyer”) in accordance with the procedures set forth in Section 7.3.

7.2 Intentionally Omitted

7.3 Escrow Procedures for Unit Sales

The Developer shall cause the agreement for the purchase of each Unit to be evidenced by a purchase agreement (“Unit Buyer Agreement”) in a form approved by the Commission’s Executive Director, fully executed by Developer and the Qualified Buyer to be approved by the Commission. The Unit Buyer Agreement will provide that the obligation of the Commission to convey title thereunder to the prospective buyer shall be conditioned upon the approval of the Commission and otherwise upon satisfaction of the requirements of this Section 7.3. Within seven (7) days after the execution of the Unit Buyer Agreement, escrow shall be opened at an escrow company satisfactory to Commission. Upon identifying a potential Qualified Buyer, Developer, or its designee, shall provide to the Commission, or its designee, by personal delivery or by first-class U.S. Mail, a reservation request completed by the prospective buyer, together with the Loan Information and/or other verifying information or documentation required in Section 5.4. as to the prospective buyer with respect to residency, employment and income (collectively, “Reservation Request”). If the Reservation Request is approved by the Commission, in its reasonable discretion, then upon the Commission’s receipt of a Unit Buyer Agreement signed by the Qualified Buyer, the Commission shall furnish the escrow holder with escrow instructions in a form specified by the Commission. Escrow shall not close unless and until, among other things:

The Escrow Holder holds the following: (a) a Secondary Unit Note for the Assisted Unit; in an initial principal amount equal to the amounts specified in Sections 5.4. (b) a Secondary Unit Deed of Trust as indicated by the unit promissory note executed and acknowledged by the Qualified Buyer in favor of Commission; (c) a grant deed with respect to the Unit to be purchased by the

Qualified Buyer in a form approved by the Commission and executed and acknowledged by the Developer; (d) such other documents to be provided by the Qualified Buyer reasonably requested by the escrow company or the title company issuing the title policy to the Qualified Buyer insuring the Unit; (e) cash deposited by the Qualified Buyer and/or the Permanent Lender representing the Affordable Buyer Contribution; and (f) an all-risk insurance policy insuring the Unit in an amount equal to the full replacement value of the Unit. The policy shall name the Commission as loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Commission of any material change, cancellation or termination of coverage at least thirty (30) days in advance of such material change, cancellation or termination. Any certificate of insurance must be in a form, content, and with companies approved by Commission. In addition, escrow for the purchase of the Unit shall not close unless and until a title company is ready, willing and able to issue to Commission a policy of title insurance in the amount of the Notes, insuring the priority of the Assisted Unit Deed of Trust, subject only to the deed of trust securing the Qualified Buyer's primary purchase money borrowing from the Permanent Lender and other exceptions approved by Commission following Commission's prior review of a preliminary title report for the Unit, which preliminary title report must be received by the Commission no later than seven (7) days after the approval by Commission of the Reservation Request.

7.4 Related Sales and Fees Prohibited

Developer shall not knowingly sell any Unit to any principal, officer, member, Director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer, or a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, member, director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer. Developer shall not accept any payment of money or other consideration (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

7.5 Maintenance of Project Pending Final Sale

Beginning upon completion of the Project, and continuing for so long as Developer shall own some or all of the Units, Developer shall, as to portions of the Project it owns, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved Plans for the Project and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

8. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth in this Section 8 and in Sections 6.10 and 8.1 shall remain in effect in perpetuity.

8.1 Form of Nondiscrimination and Nonsegregation Clauses

Developer shall refrain from restricting the sale of the Site (and from discriminating against any employee or applicant for employment in connection with the construction of the Developer Improvements) on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

9. COVENANTS OF DEVELOPER.

As additional consideration for the executing this Agreement by Commission, Developer covenants as follows:

9.1 Compliance with Laws.

Developer shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinanc-

es, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; 24 CFR 570; the National Environmental Policy Act of 1969, as amended; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Developer shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Developer's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Developer is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

9.2 Revenue Disclosures.

Developer shall make available for inspection and audit to Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Developer's offices, or, if requested by Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Developer until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

9.3 Other Reports.

Upon seventy-two (72) hours written notice, at any time during the Term, Developer shall prepare and submit to Commission any financial, program progress, monitoring, evaluation or other reports including, but not limited to, documents related to construction, reasonably required by Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to Commission within such 72-hour period, then within a reasonable time thereafter. Developer will ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement, CC&Rs, or the Deed of Trust. Developer shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit are started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

9.4 Indemnification.

From and after the date hereof, Developer shall indemnify, defend and save harmless Commission and its members, directors, agents, officers and employees from and against any and all claims, liability, demands, causes of action, losses and expense including reasonable defense costs and legal fees of counsel acceptable to Commission (collectively, "Claims") including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, or in connection

with services performed on behalf of Developer by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Developer's ownership of the Site or the Project, (ii) result directly or indirectly from Developer's ownership of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement with Developer; provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of the Commission.

9.5 Audit by State and Federal Agencies.

In the event this Agreement is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Developer shall comply with such inspections and pay on behalf of itself and Commission the full amount of the cost to the inspecting agency which results from such inspections, if any unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Commission.

9.6 Program Evaluation and Review.

Developer shall allow Commission authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff, Developers, and other program participants, as reasonably required by Commission during the Term.

9.7 Insurance.

Without limiting Developer's indemnification of Commission provided above, Developer shall procure and maintain at its own expense during the Term of this Agreement the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement, deliver to Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver satisfactory evidence of issuance of "all risk" property insurance described in (b) below and worker's compensation insurance described in (c) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Commission and may provide for such deductibles as may be acceptable to Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that Commission is to be given at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance. Developer shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance.

(a) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at

least \$1,000,000 for each occurrence (\$2,000,000 General Aggregate), including products and completed operations coverage. Commission and its agents, officials and employees shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to Commission. Developer shall require Developer's contractors to include Commission and Commission's agents, officials and employees as additional insureds on all general liability insurance covering work at the Site. If required by Commission from time to time, Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of Commission.

(b) Property Insurance: "All Risk" ISO Special Form property insurance, including without limitation builder's risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal. Commission shall be the loss payee under the aforementioned policies under a standard lender's loss payable endorsement. The amount of the property coverage shall at all time exceed the full replacement value of all improvements and fixtures on the Property and the insurer shall waive any coinsurance via an "agreement" endorsement.

(c) Workers' Compensation: Developer's employees shall be covered by Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(d) Automobile Liability: Combined single limit automobile liability insurance of at least \$1,000,000 per accident for bodily injury and property damage, covering owned, non-owned and hired vehicles.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of Commission.

All subsequent verifications or renewals of the coverage requirements stated above must be sent to the Commission with the following identifying information enclosed in order for these requirements to be deemed satisfied:

PROJECT: Rose Glen II
ADDRESS: 17062 Wing Lane and 357 Azusa Avenue
PROJECT NO.:

Failure on the part of Developer to procure or maintain the insurance coverage required above shall constitute a material breach of this Agreement pursuant to which Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Commission shall be repaid by the Developer to Commission upon demand including interest thereon at the Default Rate. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the Carrier. Developer's failure to assert or delay in asserting any claim shall not diminish or impair the

Commission's rights against the Developer or Carrier.

9.8 Barriers to the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

9.9 Lead-Based Paint

Developer and its contractors and subcontractors shall not use lead-based paint in construction of the Project. Developer shall incorporate or cause to be incorporated this provision in all contracts and subcontracts for work performed on the Site which involve the application of paint.

9.10 Intentionally Omitted

9.11 Affirmative Marketing

The Developer shall comply with the affirmative marketing procedures established by the Commission as further defined in Exhibit H.

10. INDEPENDENT CONTRACTOR

In their performance of this Agreement, both Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other Party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing the General Contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

11. ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by Commission at its sole discretion including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Developer hereunder, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Developer's obligations under this Agreement.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null

and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of Commission, Commission may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Developer to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Developer to its general partners and (iii) removal of any general partner of Developer pursuant to the terms of the limited partnership agreement of Developer, as may be amended from time to time, provided that any replacement general partner is approved by Commission, which approval shall not be unreasonably withheld.

12. EVENTS OF DEFAULT AND REMEDIES

12.1 Developer Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Developer hereunder ("Event of Default"):

(a) The failure of Developer to perform any nonmonetary covenant or obligation hereunder or under the terms of this Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Commission (or from any party authorized by Commission to deliver such notice as identified by Commission in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Developer commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 12.1(c) through 12.1(g) below;

(b) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement, the Note, or the Deed of Trust;

(c) Developer or any constituent member or partner, or majority shareholder, of Developer shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations

of a petition filed against it in any bankruptcy or insolvency proceeding;

(d) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(e) Following completion of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Developer shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 11.0 or Section 8.1 above; or

(h) Developer shall be in default under the the Senior Financing, the Junior Financing, the Other Financing, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

12.2. Commission Remedies.

Upon the occurrence of an Event of Default hereunder, Commission may, in its sole discretion, take any one or more of the following actions:

(b) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of Commission, to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(c) Upon the occurrence of an Event of Default, Commission shall be entitled and empowered by intervention in commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of Commission and its counsel to protect the interests of Commission and to collect and receive any monies or other property in satisfaction of its claim.

12.3. No Remedy Exclusive.

No remedy herein conferred upon or reserved to Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by Commission. In order to entitle Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

12.4. Commission Default and Developer Remedies.

Upon fault or failure of Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from Commission of any sums due to or for the benefit of Developer pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by Commission of the terms and conditions of this Agreement or seeking to enjoin any act by Commission which is prohibited hereunder; and
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from Commission arising out of or in connection with this Agreement, and in connection with such waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

13. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement as a consequence of any breach by the other party of its obligations thereunder or hereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Agreement shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Developer agrees to pay or reimburse Commission, upon demand by Commission, for all costs incurred by Commission in connection with the enforcement of this Agreement, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Developer any proceedings under any federal or state bankruptcy or insolvency laws, whether Commission is a creditor in such proceeding or otherwise.

14. RIGHT OF ACCESS AND INSPECTION

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If Commission in its reasonable discretion determines that any work or materials are not in conformity with this Agreement, or any applicable Governmental Restrictions, Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, itself cure the matter. Inspection by Commission of the Project or the Site or any construction thereof is for the sole purpose of protecting Commission and is not to be construed as an acknowledgment, acceptance or representation by Commission or the County of Los Angeles that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

The Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If the Commission in its reasonable discretion determines that the Project is not being operated in conformity with this Agreement, or any Applicable Governmental Restrictions, the Commission may at its election, after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a thirty- (30-) day period, it shall be deemed cured if Developer commences the cure within said thirty- (30-) day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, itself cure the matter. Inspection by the Commission of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by the commission or the County of Los Angeles that there has been in compliance with any terms or provisions of this Agreement.

15. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

No official or employee of Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of Commission shall be personally liable in the event of a breach of this Agreement by Commission.

16. AMENDMENTS, CHANGES AND MODIFICATIONS

This Agreement may not be amended, changed or modified without the prior written consent of the parties hereto.

17. EXECUTION OF COUNTERPARTS

This Agreement with exhibits constitutes the entire understanding and agreement of the parties and may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

18. NOTICES

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission: Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

If to Developer: Los Angeles County Housing Development Corporation
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Consultant Manager
Fax No. (323) 890-8576

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

19. SEVERABILITY

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

20. INTERPRETATION

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting.

21. NO WAIVER; CONSENTS

Any waiver by Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by Commission to take action on account of any default of Developer. Consent by Commission to any act or omission by Developer will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Commission's consent to be obtained in any future or other instance.

22. APPLICABLE POLICIES.

A. Governing Law.

This Agreement shall be governed by the laws of the State of California.

B. Compliance with Laws.

Developer agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974 and the 24 Code of Federal Regulations (CFR) Part 84.

23. ACCESS AND RETENTION OF RECORDS

Developer shall provide access to Commission, any Federal agency providing funds to be used for the Project, the Comptroller General of the United States, or any of their duly authorized representatives to any books, for the purpose of making audits, examinations, excerpts and transcriptions, all documents, papers and records of the Developer which are directly pertinent to the construction of the Developer Improvements and this Agreement. The Developer is required to retain the aforementioned records for a period of five years after escrows for all units have closed. In addition to the books and records described above, upon seventy-two (72) hours written notice, at any reasonable time during such time as this Agreement is in effect, Developer shall prepare and submit to Commission, all additional reports (other than the progress reports required to be prepared under Section 9.3) reasonably required by Commission or its representatives which in the reasonable judgment of Commission and its representatives may be relevant to a question of compliance with

this Agreement. Developer shall also retain all such reports, records and data relating to the Project for the five-year period described above. In the event any litigation, claims or audit are started during the period when this Agreement is in effect, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

24. REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby warrants and represents to Commission that:

24.1. Organization and Standing

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement, and all other documents executed in connection herewith.

24.2. Enforceability

This Agreement, and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

24.3. Authorization and Consents

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

24.4. Due and Valid Execution

This Agreement, and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

24.5. Licenses

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop and sell the Units.

24.6. Litigation and Compliance

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any applicable Governmental Restrictions which could materially impair Developer's ability to perform its obligations under this Agreement.

24.7. Default

To Developer's current actual knowledge, there are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 12.

24.8. No Violations

The execution and delivery of this Agreement, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

25. APPROVALS

Any consent to a transfer under Section 11 or 8.1 of this Agreement, and any other consent or approval by the Commission under this Agreement, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Developer written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the project.

26. GOOD FAITH AND FAIR DEALING

Commission and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

27. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT

Without the prior written approval of Commission, which approval Commission may withhold in its sole and absolute discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Agreement, as further described in Section 11. Developer hereby agrees that any purported Transfer not approved by Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

At any time Developer desires to effect a Transfer hereunder, Developer shall notify Commission in writing (the "Transfer Notice") and, except with respect to a sale of a Unit in the Project in the ordinary course of Developer's business, shall submit to Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 27 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations hereunder. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 27. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to Commission. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations hereunder only if the written Commission consent expressly provides such a release. Except as expressly provided herein to the contrary, all Developer obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefor and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 27 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

The prohibitions against Transfer contained in this Section 27 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the Developer Improvements constructed upon the Site. The prohibitions against Transfer contained in this Section 27 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Developer Improvements in accordance with this Agreement.

In the absence of specific written agreement by Commission, no Transfer otherwise approved by Commission shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. If the Developer violates any provision of this Section 27, Commission may terminate this Agreement immediately upon written notice to Developer.

28. TERMINATION FOR CAUSE

This Agreement may be terminated by the Commission upon written notice to the Developer for just cause (failure to perform satisfactorily) with no penalties incurred by the Commission upon termination or upon the occurrence of any of the following events in a, b or c:

(a) Should the Developer fail to perform all or any portion of the work required to be performed hereunder in a timely and good workmanlike manner or properly carry out the provisions of this Agreement in their true intent and meaning, then in such case, notice thereof in writing will be served upon the Developer, and should the Developer neglect or refuse to provide a means for satisfactory compliance with this Agreement and with the direction of the Commission within the time specified in such notice, the Commission shall have the power to suspend or terminate the operations of the Developer in whole or in part.

(b) Should the Developer fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Agreement, or if the work to be done under this Agreement is abandoned for more than three days by the Developer, then notice of deficiency thereof in writing will be served upon Developer by the Commission. Should the Developer fail to comply with the terms of this Agreement within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of Commission shall have the power to suspend or terminate the operations of the Developer in whole or in part.

(c) In the event that a petition of bankruptcy shall be filed by or against the Developer.

(d) If, through any cause, the Developer shall fail to fulfill, in a timely and proper manner, the obligations under this Agreement, or if the Developer shall violate any of the covenants, agreements, or stipulations of this Agreement, the Commission shall thereupon have the right to terminate this Agreement by giving written notice to the Developer of such termination and specifying the effective date thereof, at least five days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Developer under this Agreement shall, at the option of the Commission become its property and the Developer shall be entitled to receive just and equitable compensation for any work satisfactorily completed.

29. EMPLOYEES OF DEVELOPER

Workers' Compensation: Developer understands and agrees that all persons furnishing services to the Commission pursuant to this Agreement are, for the purposes of Workers' Compensation liability, employees solely of the Developer. Developer shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injuries arising from an accident connected with services provided to the Commission under this Agreement.

Professional Conduct: The Commission does not and will not condone any acts, gestures, comments or conduct from the Developer's employees, agents or subcontractors which may be construed as sexual harassment or any other type of activities or behavior that might be construed as harassment. The Commission will properly investigate all charges of harassment by residents, employees or agents of the Commission against any and all Developer's employees, agents or subcontractors providing services for the Commission. The Developer assumes all liability for the actions of the Developer's employees, agents or subcontractors and is responsible for taking appropriate action after reports of harassment are received by the Developer.

30. SUBCONTRACTING

The Developer may subcontract only those specific portions of work allowed in the original specifications covered by this Agreement with prior written approval by the Commission.

The Developer shall not subcontract any part of the work covered by this Agreement or permit subcontracted work to be further subcontracted without prior written approval by the Commission

31. SAFETY STANDARDS AND ACCIDENT PREVENTION

The Developer shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Developer shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Agreement.

32. COMMISSION REQUIREMENTS

Developer shall comply with the provisions set forth in Exhibit "H" to this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

COMMISSION:

Community Development Commission of the
County of Los Angeles

By: _____
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Office of
County Counsel

By: _____
Deputy

DEVELOPER:

Los Angeles County Housing Development
Corporation a California non-profit public benefit
corporation

By: _____

TABLE OF EXHIBITS

| | |
|-------------|--------------------------------|
| EXHIBIT "A" | SITE LEGAL DESCRIPTION |
| EXHIBIT "B" | PROJECT DESCRIPTION |
| EXHIBIT "C" | FINANCING ASSUMPTIONS |
| EXHIBIT "D" | FLOOR PLANS & ELEVATIONS |
| EXHIBIT "E" | SCHEDULE OF PERFORMANCE |
| EXHIBIT "F" | UNIT SECONDARY DEED OF TRUST |
| EXHIBIT "G" | UNIT SECONDARY PROMISSORY NOTE |
| EXHIBIT "H" | COMMISSION REQUIREMENTS |
| EXHIBIT "I" | SAFELY SURRENDERED BABY LAW |

EXHIBIT "A"

SITE LEGAL DESCRIPTION

Parcel 2 of Parcel Map No. 8369 as per map recorded in Book 92 Pages 46 and 57 of maps, in the Office of the County Recorder, County of Los Angeles, State of California.

EXHIBIT “B”

PROJECT DESCRIPTION

The Project is located in the County area of Valinda at 17062 Wing Lane and 357 Azusa Avenue. The Project consists of the development of nine single-family detached homes on fee simple lots, A-1 6,000, No Common areas, No homeowners association & No Mello-Roos. The project is on 1.1 acres. The homes will consist of eight 1,546 sq. ft., 2-story, 4-bedroom, 2-½ bath, Craftsman Style homes, with an attached 2-car garage; and one 1,380 sq. ft., 3-bedroom, 2-½ bath Craftsman Style home, with an attached 2-car garage. Homes will be accessed by private driveway as shown on Vesting Tentative Tract Map Number 53466. Five homes will be sold to households earning up to 80 percent of the median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). Four homes will be sold at market rates with no income restrictions.

EXHIBIT “C”

FINANCING ASSUMPTIONS

| CONSTRUCTION PHASE | TOTAL | Per | Unit |
|---------------------------|--------------------|--------------------|------------------------|
| <u>Uses</u> | | <u>Market Rate</u> | <u>Moderate Income</u> |
| | | 4 | 5 |
| Total Value | \$3,150,000 | \$350,000 | \$350,000 |
| <u>Sources</u> | | | |
| CDBG (Land) | 549,752 | 0 | 109,950 |
| Private Construction Loan | 1,834,288 | 203,810 | 203,810 |
| Developer Equity | 484,306 | 114,554 | 5,218 |
| Deferred Fees and Costs | <u>281,654</u> | <u>31,295</u> | <u>31,295</u> |
| Total Value | \$3,150,000 | \$349,659 | \$350,273 |

PERMANENT PHASE

| | | | |
|--------------------|--------------------|------------------|------------------|
| <u>Uses</u> | | | |
| Total Value | \$3,150,000 | \$350,000 | \$350,000 |
| <u>Sources</u> | | | |
| Buyer Funds | 2,225,000 | 350,000 | 165,000 |
| Commission 2nd TD | <u>925,000</u> | <u>0</u> | <u>185,000</u> |
| Total Value | \$3,150,000 | \$350,000 | \$350,000 |

EXHIBIT “D”

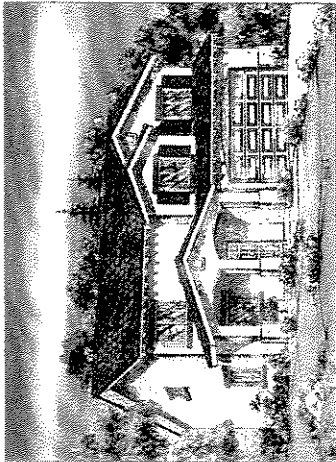
FLOOR PLANS AND ELEVATIONS

SECTION C-

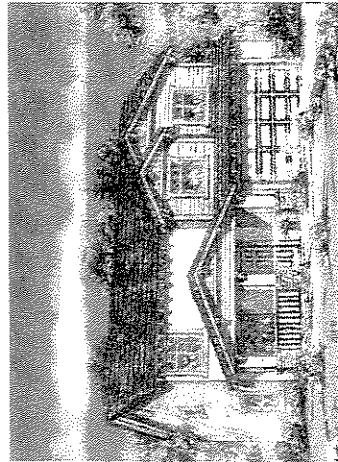
101

1

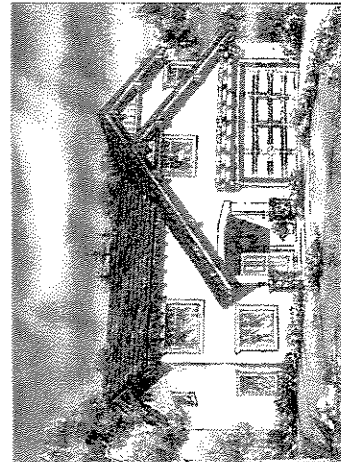
SECTION C-C



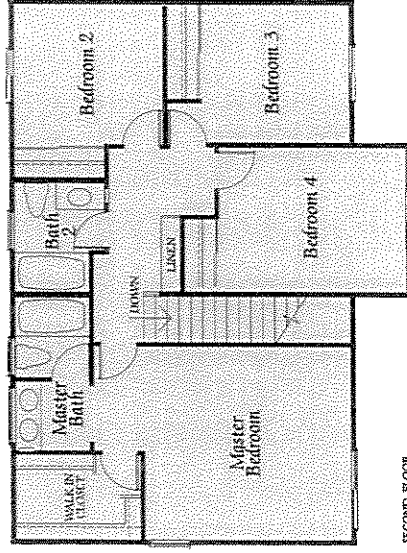
ELEVATION A



ELEVATION B



ELEVATION C



SECOND FLOOR

Residence One (204)

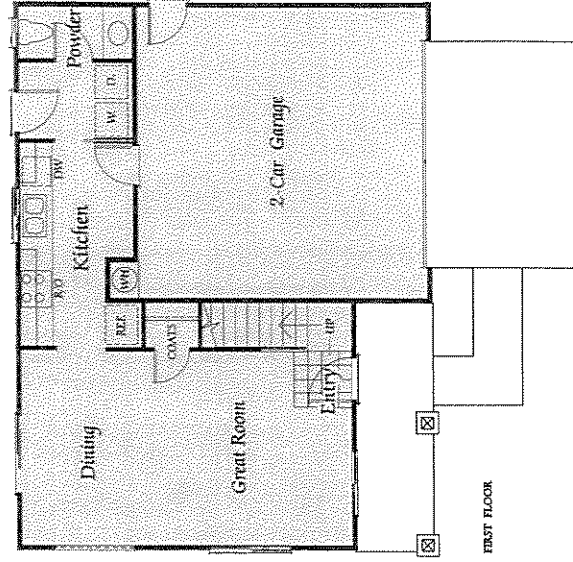
1,546 sq. ft.

4 Bedroom

2 1/2 Bath

Interior Laundry Room

2 Car Attached Garage



FIRST FLOOR

All maps, plans, landscaping and elevation renderings are artist's conception and are not to scale.
All square footage is approximate.

ABELL ▲ HELOU

EXHIBIT "E"
SCHEDULE OF PERFORMANCE

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to the Commission. | Not later than 5 days after receipt of this Agreement by Developer for execution. |
| 2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. Commission will deliver a copy of the executed Agreement to the Developer. | Following approval by the Board of Commissioners. |
| 3. <u>Submission of Final Construction Plans, Drawings, and Landscaping Plans.</u> The Developer shall prepare and submit to the Commission for review and approval Final Construction Plans, Drawings, and Final Landscaping Plans for the Site. | No later than 30 days following execution of this Agreement. |
| 4. <u>Approval – Final Construction Plans, Drawings, and Landscaping Plans.</u> The Commission shall approve or disapprove the Developer's Final Construction Plans, Drawings, and Landscaping Plans for the Site. | Within 14 days after receipt thereof by the Commission. |
| 5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to the Commission appropriate certificates of insurance policies. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 6. <u>Governmental Permits.</u> The Developer shall obtain any and all permits required by the County or any other governmental agency. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 7. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to the Commission, in a form acceptable to the Commission, a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted Unit. | Prior to the date set forth herein for the commencement of the Developer Improvements. |

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. <u>Commencement of Construction of Developer Improvements.</u> The Developer shall commence construction of the Developer Improvements. | Commencement of construction shall not be later than 90 days after the date of execution of the Development Agreement. |
| 9. <u>Identification of Qualified Homebuyers.</u> Developer shall identify at least two qualified homebuyers for the Assisted Unit. | At least 30 days before completion of Developer Improvements. |
| 10. <u>Completion of Construction of Developer Improvements.</u> Developer shall complete construction of the Developer Improvements. | Within 180 days after commencement thereof by the Developer. |
| 11. <u>Issuance of Certificate of Completion.</u> The Commission shall furnish the Developer with a Certificate of Completion. | Promptly after completion of all construction required to be completed by the Developer on the Site and upon written request therefore by the Developer. |
| 12. <u>Sale of Assisted Unit to a Qualified Buyer.</u> Developer shall complete close of escrow of the Assisted Unit to a Qualified Homebuyer. | Within 60 days after completion of Developer Improvements. |

EXHIBIT “F”

UNIT SECONDARY DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT
COMMISSION OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

**THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS**

DEED OF TRUST – SPECIAL PROGRAM

(Second Deed of Trust on For-Sale Unit – HOME Project No. HE-XXXX)

This DEED OF TRUST is made this _____ day of _____, 2004, by and among
(Buyer(s)) _____ (herein, "Trustor"), _____ (Title Company)
_____ (herein "Trustee"), and the COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (herein
"Beneficiary"), whose address is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness
herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust,
with power of sale, the following described property located in the County of Los Angeles, State
of California (the "Property"), attached hereto as Exhibit "A," which has the address of
_____, California (herein "Property Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and
all easements, rights, appurtenances and rents and income received from the Property (subject,
however, to the rights and authorities given herein to Beneficiary to collect and apply such
rents), all of which shall be deemed to be and remain part of the Property covered by this Deed
of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed
of Trust is on a leasehold) are herein collectively referred to as the "Property."

The Deed of Trust secures performance of all of Trustor's covenants and agreements
hereunder and the Promissory Note in the principal sum of: _____ Dollars
(\$00000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____,

2004, and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms of extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the Property in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If

the Property is a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefore related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell, lease, encumber or otherwise transfer the Property or an interest therein, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note. As more particularly provided in the Note, the ROFR requires Trustor to provide notice to Beneficiary and an opportunity for Beneficiary to purchase the Property prior to entering into or effectuating any transfer.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in Section 2 of the Note) and in accordance with the tables set forth in

Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in the Note or this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in paragraphs (b), (d) or (e) of Section 16 below, Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default reasonably requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion, (in any event within 120 days from the date of the Notice); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in paragraph 15.c. above, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect, in addition to any other amounts provided under the Note and this Deed of Trust, all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a “default” under this Deed of Trust:

(a) Trustor’s failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note or this Deed of Trust (collectively, the “Loan Documents”);

(b) Trustor’s failure or delay in performing any other term or provision of the Note;

(c) Trustor’s sale, lease, transfer or encumbrance of the Property or an interest therein, except in full accordance with the Note and this Deed of Trust;

(d) Trustor’s failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor’s default under its obligations to the holder of the First Deed of Trust or any other obligation recorded against the Property;

(f) Trustor, or any person included in Trustor if Trustor consists of more than one person, becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor, or any person included in Trustor if Trustor consists of more than one person, intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor’s Right to Reinstate. Notwithstanding Beneficiary’s acceleration of the sums secured by this Deed of Trust due to Trustor’s default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occur;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor under the Loan Documents and in enforcing remedies thereunder, including, but not limited to, reasonable attorneys’ fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. Notwithstanding the foregoing, the parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall if requested by Beneficiary sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust following expiration of the 30-year term of the Loan Documents, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

Prior to the expiration of the 30-year term of the Loan Documents, repayment of the outstanding balance of the Note shall not be grounds for release or reconveyance of the Deed of Trust or cancellation of the Note unless and until Beneficiary exercises its ROFR and purchases the Property.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions of the Loan Documents restricting the use of the Property to low or moderate income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustee Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the Beneficiary, Trustor and original Trustee, the book and page where this instrument is recorded, and the name and address

of the successor Trustee. The successor Trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address, which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Thirty Dollars (\$30.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:

- (1) the date Trustor's initial occupancy of the Property; or
- (2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 30 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. Note: As provided in Section 20 above, the restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property thereafter.

Date: _____

Trustor

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

[illegible]

On _____ before me, _____,
Notary Public, personally appeared _____ personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature

EXHIBIT “G”

UNIT SECONDARY PROMISSORY NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE – SPECIAL PROGRAM

(Project No.)

_____, 20_____
California _____,

Property Address:

Street Address City State Zip Code

FOR VALUE RECEIVED, the undersigned, _____, hereafter called "Borrower," hereby jointly and severally promise to pay to THE COMMUNITY DEVELOPMENT COMMISSION OF THE OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations).

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$ _____.

(C) Principal Sum. The original principal amount of this Note, namely \$ _____.

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the

Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) any amount remaining of the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "Lender's Percentage" as used in the table below is the ratio of the

original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation that, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower shall pay Lender on the Due Date any amount remaining of the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

| DUE DURING YEAR | PERCENTAGE OF NET APPRECIATION | |
|-----------------|--------------------------------|------------------------------|
| 1 | 50.00% | X COMMISSION PERCENTAGE = |
| 2 | 48.89% | X COMMISSION PERCENTAGE = |
| 3 | 47.78% | X COMMISSION PERCENTAGE = |
| 4 | 46.67% | X COMMISSION PERCENTAGE = |
| 5 | 45.56% | X COMMISSION PERCENTAGE = |
| 6 | 44.45% | X COMMISSION PERCENTAGE = |
| 7 | 43.34% | X COMMISSION PERCENTAGE = |
| 8 | 42.23% | X COMMISSION PERCENTAGE = |
| 9 | 41.12% | X COMMISSION PERCENTAGE = |
| 10 | 40.01% | X COMMISSION PERCENTAGE |

| | | |
|----|--------|------------------------------|
| | | = |
| 11 | 38.90% | X COMMISSION PERCENTAGE = |
| 12 | 37.79% | X COMMISSION PERCENTAGE = |
| 13 | 36.68% | X COMMISSION PERCENTAGE = |
| 14 | 35.57% | X COMMISSION PERCENTAGE = |
| 15 | 34.46% | X COMMISSION PERCENTAGE = |
| 16 | 33.35% | X COMMISSION PERCENTAGE = |
| 17 | 32.24% | X COMMISSION PERCENTAGE = |
| 18 | 31.13% | X COMMISSION PERCENTAGE = |
| 19 | 30.02% | X COMMISSION PERCENTAGE = |
| 20 | 28.91% | X COMMISSION PERCENTAGE = |
| 21 | 27.80% | X COMMISSION PERCENTAGE = |
| 22 | 26.69% | X COMMISSION PERCENTAGE = |
| 23 | 25.28% | X COMMISSION PERCENTAGE = |
| 24 | 24.47% | X COMMISSION PERCENTAGE = |
| 25 | 23.36% | X COMMISSION PERCENTAGE = |
| 26 | 22.25% | X COMMISSION PERCENTAGE = |
| 27 | 21.14% | X COMMISSION PERCENTAGE = |
| 28 | 20.03% | X COMMISSION PERCENTAGE = |
| 29 | 18.92% | X COMMISSION PERCENTAGE = |
| 30 | 17.81% | X COMMISSION PERCENTAGE = |
| 31 | 16.70% | X COMMISSION PERCENTAGE = |
| 32 | 15.59% | X COMMISSION PERCENTAGE |

| | | |
|----|--------|------------------------------|
| | | = |
| 33 | 14.48% | X COMMISSION PERCENTAGE = |
| 34 | 13.37% | X COMMISSION PERCENTAGE = |
| 35 | 12.26% | X COMMISSION PERCENTAGE = |
| 36 | 11.15% | X COMMISSION PERCENTAGE = |
| 37 | 10.04% | X COMMISSION PERCENTAGE = |
| 38 | 8.93% | X COMMISSION PERCENTAGE = |
| 39 | 7.82% | X COMMISSION PERCENTAGE = |
| 40 | 6.71% | X COMMISSION PERCENTAGE = |
| 41 | 5.60% | X COMMISSION PERCENTAGE = |
| 42 | 4.49% | X COMMISSION PERCENTAGE = |
| 43 | 3.38% | X COMMISSION PERCENTAGE = |
| 44 | 2.27% | X COMMISSION PERCENTAGE = |
| 45 | 1.16% | X COMMISSION PERCENTAGE = |

The amount calculated under the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds, up to the full amount otherwise payable to Lender hereunder, shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: down payment; payments to reduce the Principal Sum; and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR").

Prior to agreeing to or effectuating any Sale or Transfer, Borrower shall complete the following ROFR procedure. Borrower shall provide written notice to Lender of the proposed terms of the Sale or Transfer and the proposed transferee. The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined and adjusted in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written notice of terms to serve Borrower with written notice of Lender's decision whether or not to purchase the Property. If Lender declines to purchase the Property or fails to accept or reject the ROFR opportunity within such twenty (20) day period, then Borrower shall for a period of 60 days thereafter have the right to effect a Sale or Transfer of the Property on the terms and to the person identified in the ROFR notice, and the Sale or Transfer shall trigger the Net Appreciation requirement and other payments to Lender under Section 3. If Borrower desires to change the terms of the Sale or Transfer, change the identity of the transferee, or complete the Sale or Transfer following expiration of the 60-day period, then Borrower shall provide another ROFR notice to Lender and commence a new ROFR procedure as provided above.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR opportunity described in Borrower's notice shall be deemed rejected by Lender. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR shall not be deemed rejected, provided that the closing occurs within a reasonable time thereafter.

The ROFR shall apply to each successive proposed Sale or Transfer during the 30-year term of this Note, unless and until the Property is sold in accordance with this Note. Notwithstanding any other provision, Borrower's failure to comply with the ROFR requirements set forth in this Section 4 shall be grounds for Lender to enjoin and invalidate any Sale or Transfer made without compliance with this Section.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

(A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, or the Deed of Trust that secures this Note (collectively, the "Loan Documents");

(B) Borrower's failure or delay in performing any other term or provision of this Note;

(C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to low- and moderate-income persons having household incomes no greater than 120 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);

(D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;

(E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;

(F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

(i) the default;

(ii) the action required to cure such default, if curable;

(iii) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion in any event within 120 days); and

(iv) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5)), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE

OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) any amount remaining due of the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above. Prepayment of this Note shall not affect the ROFR, which shall remain in effect for the 45-year term of this Note except as provided in Section 4 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorney fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidity of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as

“notice of dishonor”); and (C) to obtain an official certification of nonpayment (known as a “protest”).

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Community Development Commission
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the “Default Rate”).

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without the necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

EXHIBIT “H”

COMMISSION REQUIREMENTS

EXHIBIT “H” TO LOAN AGREEMENT
COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower’s performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission’s Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission’s Quality Assurance Plan

Commission will evaluate Borrower’s performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower’s compliance with all contract terms and performance standards. Borrower deficiencies, which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon Los Angeles County and its taxpayers.

Without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission's Board of Commissioners may terminate this Agreement.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the Commission places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is the Commission's policy to encourage Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Borrower's place of business. CSSD will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment, which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or

engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence that is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
 - E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
 - F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
 - G. These terms shall also apply to subcontractors of Commission Borrowers.
17. Section 3 of the Housing and Community Development Act of 1968, as Amended
- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
 - B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit___ (title) of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinance

Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

EXHIBIT “I”

SAFELY SURRENDERED BABY LAW

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District

Yvonne Brathwaite Burke, Supervisor, Second District

Zev Yaroslavsky, Supervisor, Third District

Don Knabe, Supervisor, Fourth District

Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

ENVIRONMENTAL DOCUMENTATION

Notice of Determination

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

X Los Angeles Environmental Filings
12400 E. Imperial Highway, Room 1101
Norwalk, CA 90650

From: Department of Regional Planning
320 W. Temple Street, Rm. 1348
Los Angeles, CA 90012

ORIGINAL FILED

JUN 23 2003

LOS ANGELES, COUNTY CLERK

Subject:

Filing Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

TENTATIVE TRACT MAP NO. 53466 and CONDITIONAL USE PERMIT BO. 01-038-(1)

Project Title

| | | |
|---------------------------------------------------------------|-------------------------------|-------------------------------|
| N/A | Samuel Dea | (213) 974-6433 |
| State Clearinghouse Number (If Submitted to Clearinghouse) | Lead Agency Contact Person | Area Code/Telephone/Extension |

On the south side of Wing Lane and the west side of Azusa Avenue (537 North Azusa Avenue and 17062 Wing Lane),
Puente Zoned District, Los Angeles County

Project Location (include County)

Project Description:


The applicant requests approval of Tentative Tract Map No. 53466 and Conditional Use Permit No. 01-038-(1). The tentative tract map proposes to create 9 single-family lots on the 1.09-acre site. The conditional use permit is to allow residential development within a commercial zone and for an affordable housing development with yard, street frontage, lot width and lot area modifications.

This is to advise that the Regional Planning Commission approved the above-described project on
☒ Lead Agency ☐ Responsible Agency

April 16, 2003 and made the following determination regarding the above described project:
(Date)

1. The project [☐ will ☒ will not] have a significant effect on the environment.
2. ☐ An environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
☒ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures [☐ were ☒ were not] made a condition of the approval of the project.
4. A statement of Overriding Considerations [☐ was ☒ was not] adopted for this project.
5. Findings [☒ were ☐ were not] made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval is available to the General Public at:
320 West Temple Street Los Angeles, California 90012

| | | |
|-------------------------------------------------------------------------------------|----------------|------------------------------|
|  | April 16, 2003 | Supervising Regional Planner |
| Signature (Public Agency) | Date | Title |

Date received for filing at OPR:



Los Angeles County
Department of Regional Planning
Director of Planning James E. Hartl, AICP



April 16, 2003

Abell-Helou partnership
148 West Orange Street
Covina, California 91723
Dear Sir or Madam:

**SUBJECT: FISH AND GAME FEE REQUIREMENT FOR
PROJECT NO. 01-038, TRACT MAP NO. 53466 and CONDITIONAL USE
PERMIT NO. 01-038-(1)**

A fee for the programs of the California Department of Fish and Game must be paid to the Los Angeles County Clerk at the time a Notice of Determination is filed on an approved project. This is to inform you that, for your project approved on April 16, 2003,

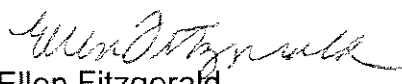
- ☐ an Environmental Impact Report was required; therefore, a fee of \$850 plus \$25 for processing must be paid.
- ☒ a Negative Declaration was issued; therefore, a fee of \$1,250 plus \$25 for processing must be paid.
- ☐ the project was found to involve no potential for any adverse effect on wildlife resources; therefore, a \$25 processing fee to accompany the Certificate of Fee Exemption must be paid.

For your convenience fees will be collected by the Department of Regional Planning for forwarding to the County Clerk. Because the Department cannot accept these fees by mail, please bring a check in the appropriate amount to the Subdivision Section Public Counter, Hall of Records Room 1382, 320 West Temple Street, Los Angeles, California 90012. Write the case number on your check made payable to the County of Los Angeles.

Please note that Section 21089(b) of the Public Resources Code provides that no project approval is operative, vested or final until these fees are paid.

Very truly yours,

DEPARTMENT OF REGIONAL PLANNING
James E. Hartl, AICP
Director of Planning


Ellen Fitzgerald
Section Head, Land Divisions Section

FM:EF:sd



Los Angeles County
Department of Regional Planning
Director of Planning James E. Hartl, AICP



May 14, 2001

Abell-Helou, General Partnership
148 W. Orange Street
Covina, CA 91723

SUBJECT: INITIAL STUDY DETERMINATION LETTER
PROJECT NO. CUP 01-038 / TR53466

On May 14, 2001, the staff of the Department of Regional Planning completed its review of the Environmental Questionnaire and other data regarding your project and made the following determination as to the type of environmental document required.

- ☐ Use of previously prepared Environmental Document
- ☐ Categorical Exemption
- ☒ Negative Declaration
- ☐ Mitigated Negative Declaration
- ☐ Other: _____
- ☐ Environmental Impact Report (EIR) _____

If you have any questions regarding the above determination or environmental document preparation, please contact Christina Tran of the Impact Analysis Section at (213) 974-6461, Monday to Thursday between 7:30 a.m. and 6 p.m. Our offices are closed on Fridays.

Very truly yours,

DEPARTMENT OF REGIONAL PLANNING
James E. Hartl, AICP
Director of Planning

Christina Tran

For Kerwin Chih, Supervising Regional Planner
Impact Analysis Section

JEH:KCC:cdt



* * * * INITIAL STUDY * * * *

COUNTY OF LOS ANGELES
DEPARTMENT OF REGIONAL PLANNINGGENERAL INFORMATIONI.A. Map Date: March 21, 2001 Staff Member: Christina D. TranThomas Guide: 638 H-6 USGS Quad: Baldwin ParkLocation: 537 N. Azusa Avenue and 17062 Wing Lane, Valinda

Description of Project: Application for a Vesting Tentative Tract Map to subdivide 1.24 acre into nine lots to construct nine detached single family residence with a private driveway and fire lane. Applicant also seeks a CUP for reduced lot areas and reduced yard setbacks. The residences will be two-story with each having a two-car garage. There is an existing single family residence at the project site which will be demolished to clear way for the proposed development. Approximately 6,500 cubic yards of grading and on site balancing will be required.

Gross Acres: 1.24 acre

Environmental Setting: The project site is located in an urbanized area that is relatively flat with no significant vegetation or animal habitat. The surrounding uses consist of a school, a church, commercial establishments, apartments, and single family residences. The project site consists of two parcels with one being vacant and the other having an abandoned single family residence.

Zoning: CPD; R-3-DP (commercial planned development; limited multiple residence-development program)General Plan: Major Commercial, Medium Density ResidentialCommunity/Area wide Plan: N/A

| IMPACT ANALYSIS MATRIX | | ANALYSIS SUMMARY (See individual pages for details) | | | |
|------------------------|--------------------------|-----------------------------------------------------|------------------------------------------------------|--------------------------|--------------------------|
| | | | Less than Significant Impact/No Impact | | |
| | | | Less than Significant Impact with Project Mitigation | | |
| | | | Potentially Significant Impact | | |
| CATEGORY | FACTOR | Pg | | | Potential Concern |
| HAZARDS | 1. Geotechnical | 5 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 2. Flood | 6 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 3. Fire | 7 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 4. Noise | 8 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| RESOURCES | 1. Water Quality | 9 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 2. Air Quality | 10 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 3. Biota | 11 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 4. Cultural Resources | 12 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 5. Mineral Resources | 13 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 6. Agriculture Resources | 14 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 7. Visual Qualities | 15 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| SERVICES | 1. Traffic/Access | 16 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 2. Sewage Disposal | 17 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 3. Education | 18 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 4. Fire/Sheriff | 19 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 5. Utilities | 20 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| OTHER | 1. General | 21 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 2. Environmental Safety | 22 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 3. Land Use | 23 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 4. Pop/Hous./Emp./Rec. | 24 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | 5. Mandatory Findings | 25 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DEVELOPMENT MONITORING SYSTEM (DMS)

As required by the Los Angeles County General Plan, DMS* shall be employed in the Initial Study phase of the environmental review procedure as prescribed by state law.

1. Development Policy Map Designation: Conservation / Maintenance
2. ☒ Yes ☐ No Is the project located in the Antelope Valley, East San Gabriel Valley, Malibu/Santa Monica Mountains or Santa Clarita Valley planning area?
3. ☐ Yes ☒ No Is the project at urban density and located within, or proposes a plan amendment to, an urban expansion designation?

If both of the above questions are answered "yes", the project is subject to a County DMS analysis.

☐ Check if DMS printout generated (attached)

Date of printout: _____

☐ Check if DMS overview worksheet completed (attached)

EIRs and/or staff reports shall utilize the most current DMS information available.

HAZARDS - 1. Geotechnical

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|-------------------------------------|-------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Is the project located in an active or potentially active fault zone, Seismic Hazards Zone, or Alquist-Priolo Earthquake Fault Zone? <i>Liquefaction</i> |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an area containing a major landslide(s)? |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an area having high slope instability? |
| d. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Is the project site subject to high subsidence, high groundwater level, liquefaction, or hydrocompaction? <i>Liquefaction</i> |
| e. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the proposed project considered a sensitive use (school, hospital, public assembly site) located in close proximity to a significant geotechnical hazard? |
| f. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the project entail substantial grading and/or alteration of topography including slopes of over 25%? |
| g. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Would the project be located on expansive soil, as defined in Table 18-1-B of Uniform Building Code (1994), creating substantial risks to life or property? <i>Soil is highly expansive</i> |
| h. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other factors? <i>Approximate hillside area boundary</i> |

STANDARD MITIGATION MEASURES

☐ Building Ordinance No. 2225 – Sections 308B, 309, 310, and 311 and Chapters 29 and 70

OTHER CONSIDERATIONS/MITIGATIONS

☐ Lot Size ☐ Project Design ☒ Approval of Geotechnical Report by DPW

DPW's comments dated 4/23/01 indicated that there will be no significant impact.

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, **geotechnical** factors?

☒ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No Impact

HAZARDS - 3. Fire

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in a high fire hazard area (Fire Zone 4)? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site in a high fire hazard area and served by inadequate access due to lengths, width, surface materials, turnarounds or grade? |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site have more than 75 dwelling units on a single access in a high fire hazard area? |
| d. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an area having inadequate water and pressure to meet fire flow standards? |
| e. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project located in close proximity to potential dangerous fire hazard conditions/uses (such as refineries, flammables, explosives manufacturing)? |
| f. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the proposed use constitute a potentially dangerous fire hazard? |
| g. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD MITIGATION MEASURES

☐ Water Ordinance No. 7834 ☐ Fire Ordinance No. 2947 ☐ Fire Prevention Guide No.46

OTHER CONSIDERATIONS/MITIGATIONS

☐ Project Design ☐ Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by **fire hazard** factors?

☒ Potentially significant ☐ Less than significant with project mitigation ☒ Less than significant/No impact

RESOURCES - 1. Water Quality

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an area having known water quality problems and proposing the use of individual water wells? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the proposed project require the use of a private sewage disposal system? |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | If the answer is yes, is the project site located in an area having known septic tank limitations due to high groundwater or other geotechnical limitations <i>or</i> is the project proposing on-site systems located in close proximity to a drainage course? |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project's associated construction activities significantly impact the quality of groundwater and/or storm water runoff to the storm water conveyance system and/or receiving water bodies? |
| d. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project's post-development activities potentially degrade the quality of storm water runoff and/or could post-development non-storm water discharges contribute potential pollutants to the storm water conveyance system and/or receiving bodies? |
| e. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |
| | | | | |
| | | | | |

STANDARD MITIGATION MEASURES

- | | |
|------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Industrial Waste Permit | <input type="checkbox"/> Health Code – Ordinance No.7583, Chapter 5 |
| <input type="checkbox"/> Plumbing Code – Ordinance No.2269 | <input type="checkbox"/> NPDES Permit CAS614001 Compliance (DPW) |

OTHER CONSIDERATIONS/MITIGATIONS

- ☐ Lot Size
 ☐ Project Design
 ☐ Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by, **water quality** problems?

- ☒ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

RESOURCES - 3. Biota

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|-------------------------------------|-------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located within Significant Ecological Area (SEA), SEA Buffer, or coastal Sensitive Environmental Resource (ESHA, etc.), or is the site relatively undisturbed and natural? |
| 2. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will grading, fire clearance, or flood related improvements remove substantial natural habitat areas? |
| 3. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is a major drainage course, as identified on USGS quad sheets by a blue dashed line, located on the project site? |
| 4. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site contain a major riparian or other sensitive habitat (e.g. coastal sage scrub, oak woodland, sycamore riparian, woodland, wetland, etc.)? |
| 5. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project site contain oak or other unique native trees (specify kinds of trees)? |
| 6. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site habitat for any known sensitive species (federal or state listed endangered, etc.)? |
| 7. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors (e.g., wildlife corridor, adjacent open space linkage)? |
| | | | | |
| | | | | |

MITIGATION MEASURES/OTHER CONSIDERATIONS

☐ Lot Size
 ☐ Project Design
 ☐ ERB/SEATAC Review
 ☐ Oak Tree Permit

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, **biotic** resources?

☒ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

RESOURCES - 5.Mineral Resources

SETTING/IMPACTS

- | | Yes | No | Maybe | |
|----|-------------------------------------|-------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? |
| b. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project result in the loss of availability of a locally important mineral resource discovery site delineated on a local general plan, specific plan or other land use plan? |
| c. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |
| | | | | |
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MITIGATION MEASURES/OTHER CONSIDERATIONS

☐ Lot Size ☐ Project Design

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **mineral** resources?

☒ Potentially significant ☐ Less than significant with project mitigation ☒ Less than significant/No impact

RESOURCES - 7. Visual Qualities

SETTING/IMPACTS

| | Yes | No | Maybe | |
|-------|-------------------------------------|-------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Is the project site substantially visible from or will it obstruct views along a scenic highway (as shown on the Scenic Highway Element), or is it located within a scenic corridor or will it otherwise impact the viewshed? |
| <hr/> | | | | |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <i>Azusa Avenue is a second priority route</i> Is the project substantially visible from or will it obstruct views from a regional riding or hiking trail? |
| <hr/> | | | | |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project site located in an undeveloped or undisturbed area that contains unique aesthetic features? |
| <hr/> | | | | |
| d. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the proposed use out-of-character in comparison to adjacent uses because of height, bulk, or other features? |
| <hr/> | | | | |
| e. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Is the project likely to create substantial sun shadow, light or glare problems? |
| <hr/> | | | | |
| f. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors (e.g., grading or landform alteration)? |
| <hr/> | | | | |
| <hr/> | | | | |

MITIGATION MEASURES/OTHER CONSIDERATIONS

☐ Lot Size
 ☐ Project Design
 ☐ Visual Report
 ☐ Compatible Use

Project is in a developed area

CONCLUSION

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **scenic** qualities?

☐ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

SERVICES - 2. Sewage Disposal

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | If served by a community sewage system, could the project create capacity problems at the treatment plant? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project create capacity problems in the sewer lines serving the project site? |
| c. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |

STANDARD MITIGATION MEASURES

☐ Sanitary Sewers and Industrial Waste – Ordinance No. 6130

☐ Plumbing Code – Ordinance No. 2269

OTHER CONSIDERATIONS/MITIGATIONS

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **sewage disposal** facilities?

☐ Potentially significant ☐ Less than significant with project mitigation ☒ Less than significant/No impact

SERVICES - 4. Fire/Sheriff Services

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Could the project create staffing or response time problems at the fire station or sheriff's substation serving the project site? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Are there any special fire or law enforcement problems associated with the project or the general area? |
| c. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |
| | | | | |
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MITIGATION MEASURES/ OTHER CONSIDERATIONS

☐ Fire Mitigation Fee

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CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **fire/sheriff** services?

☐ Potentially significant

☐ Less than significant with project mitigation ☒ Less than significant/No impact

OTHER FACTORS - 1. General

SETTING/IMPACTS

Yes No Maybe

☐ ☒ ☐ Will the project result in an inefficient use of energy resources?

☐ ☒ ☐ Will the project result in a major change in the patterns, scale, or character of the general area or community?

☐ ☒ ☐ Will the project result in a significant reduction in the amount of agricultural land?

☐ ☐ ☐ Other factors?

STANDARD MITIGATION MEASURES

☐ State Administrative Code, Title 24, Part 5, T-20 (Energy Conservation)

OTHER CONSIDERATIONS/MITIGATIONS

☐ Lot Size ☐ Project Design ☐ Compatible Use

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to any of the above factors?

☒ Potentially significant ☐ Less than significant with project mitigation ☒ Less than significant/No impact

OTHER FACTORS - 3. Land Use

SETTING/IMPACTS

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------|
| 1. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Can the project be found to be inconsistent with the plan designation(s) of the subject property? |
| 2. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Can the project be found to be inconsistent with the zoning designation of the subject property? |
| 3. | | | | Can the project be found to be inconsistent with the following applicable land use criteria: |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Hillside Management Criteria? |
| | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | SEA Conformance Criteria? |
| | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other? |
| 4. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Would the project physically divide an established community? |
| 5. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other factors? |
| | | | | |
| | | | | |

MITIGATION MEASURES/OTHER CONSIDERATIONS

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **land use** factors?

☒ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact

MANDATORY FINDINGS OF SIGNIFICANCE

Based on this Initial Study, the following findings are made:

| | Yes | No | Maybe | |
|----|--------------------------|-------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory? |
| b. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Does the project have possible environmental effects that are individually limited but cumulatively considerable? "Cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects. |
| c. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Will the environmental effects of the project cause substantial adverse effects on human beings, either directly or indirectly? |

CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the environment?

☒ Potentially significant
 ☐ Less than significant with project mitigation
 ☒ Less than significant/No impact